

COMMENTS OF THE DELTA TRIBUTARY AGENCIES COMMITTEE REGARDING THE KEY ISSUES IDENTIFIED FOR THE JULY 13-14, 1994 WORKSHOP OF THE STATE WATER RESOURCES CONTROL BOARD

The Delta Tributary Agencies Committee (DTAC) submits these comments in response to the Notice of Public Workshop to review standards for the San Francisco Bay/Sacramento-San Joaquin Delta Estuary that was issued on June 14, 1994 by the State Water Resources Control Board.

As discussed in our comments for the June 14, 1994 workshop, DTAC is composed of 30 water-purveying agencies located upstream of the Sacramento-San Joaquin Delta on both the Sacramento and San Joaquin Rivers. A list of these agencies was attached to those comments.

Key Issue 1: What fish and wildlife standards should the SWRCB evaluate as alternatives in this review?

In its detailed comments for the June 14, 1994 workshop, DTAC noted that many factors have directly influenced the fish and wildlife resources of the Delta. DTAC noted that the recent declines in Bay-Delta fisheries coincided with four of these factors: (a) increased SWP and CVP exports from the Delta; (b) increased commercial fishing; (c) several new introduced species; and (d) higher levels of pollution.

The SWRCB therefore should develop and evaluate fish and wildlife standards and other actions that will specifically address and reverse the adverse effects of these recent developments. Any new fish and wildlife standards should have the following objectives:

- The standards must be aimed at improving the Delta, both as a nursery area and as a fish migration path. The SWRCB should not simply order greater Delta outflows. Instead, it must have a reliable and credible scientific justification for its actions. Focussing solutions on improving the Delta as a nursery for resident species and as a migration path for anadromous species will focus on the real cause of the Delta fishery problems.
- The standards must offer credible benefits to all aquatic resources. Thus, the standards should be developed using an ecosystem approach, and not using a species-by-species approach.
- The standards must be flexible enough to maximize water-

transfer opportunities. Water transfers probably will be the best method for mitigating the impacts of reduced supplies in export areas, while still honoring area-of-origin statutes.

Because many of these factors that caused declines in Bay-Delta fisheries are not flow-related, simply increasing Delta outflows will not solve all of the Delta's problems. Instead, the SWRCB should include other standards, actions and recommendations in its water quality control plan.

Some of these factors, like water pollution, are within the SWRCB's jurisdiction. The water quality control plan therefore should specifically address water-quality actions that the SWCRB and the Regional Water Quality Control Boards will take to reverse the adverse impacts caused by water pollution.

Other factors are not within the SWRCB's jurisdiction. Nevertheless, these factors are important. They therefore should be addressed by the SWRCB through recommendations to other agencies. Such recommendations include: (1) recommendations to the Pacific Fisheries Management Council and the California Fish and Game Commission for lower limits on commercial and recreational fishing; (2) recommendations to the California Department of Fish and Game for new measures to control further introductions of exotic species to the Delta; and (3) recommendations to the U. S. Army Corps of Engineers and the Reclamation Board for permitting actions to preserve important Delta fisheries habitats.

Key Issue 2: How should the economic and social effects of alternative standards be determined?

In what is undoubtedly a significant understatement, the SWRCB's notice for key issue 2 for this workshop states "Standards for the Bay-Delta Estuary have the potential to affect a large portion of the State." We agree that new, significantly greater Delta outflow requirements will have serious economic impacts throughout California, and particularly in the regions where water supplies are reduced or shifted to groundwater.

DTAC has not yet made an analysis of the specific water-supply or economic impacts of any alternative set of standards. Such an analysis is difficult or impossible until the details of the standards' implementation are known. Nevertheless, it is clear that the SWRCB should not follow the approach that was taken in the Draft Regulatory Impact Assessment (DRIA) of EPA's proposed Delta water-quality standards. That approach was defective for the following reasons:

- a. The DRIA seriously underestimates the gross income losses in the potential impact areas.

The DRIA analyzes three different scenarios for potential implementation of EPA's proposed standards.

Under the first scenario, all of the impacts are assumed to occur in the San Joaquin service area of the CVP. The DRIA concludes that 213,000 acres of land would be fallowed under this scenario, and that the impact of this fallowing would be \$80 million. (P. 4-8.) This translates to about \$375 for each fallowed acre. This is a ridiculously small estimate. Water costs alone in portions of the impact area equal this amount, and total revenues obviously are much higher. A more precise analysis would show actual impacts to be over \$1500 per acre.

The DRIA concludes that, in critically dry years, the fallowing would increase by 64,000 acres to a total of 277,000 acres, and that total losses would be \$293 million. Thus, the DRIA concludes that the fallowing of the last 23 percent of the total fallowed acreage would cause almost 75 percent of the total impact. The DRIA reaches this obviously incorrect conclusion because it follows the Zilberman Water Rationing model, which assumes that water would be freely shifted from "poor" land to "good" land as shortages increase. This assumption is incorrect because it totally ignores all of the applicable water contracts and water-district allocation requirements.

Under the second and third scenarios, the DRIA assumes that curtailments could be shifted throughout larger areas and that farmers could mitigate many of the impacts by shifting from "low" to "high" value crops. These assumptions also are incorrect, because they ignore both the applicable water-right, contract and other legal limitations and the obvious fact that some soil types presently being used for "low" value crops will not sustain "high" value crops. The DRIA also does not analyze the secondary impacts on dairy, beef, poultry and egg production that obviously would occur if the production of "low" value feed crops were reduced.

b. The DRIA completely ignores the limitations on the amounts of capital that would be necessary for the shifts from "low" to "high" value crops.

The DRIA admits that substantial new investments, requiring substantial amounts of capital, would be necessary to implement the shifts from "low" to "high" value crops that are assumed in the DRIA. However, the DRIA then totally ignores the fact that the loans or other funding sources necessary for such investments often would not be available because of increased debt/equity ratios, low net yield increases, unsuitable soils for high value crops and continuing uncertainties over the availability of water supplies. Because all of the necessary capital would not be available, the DRIA's

assumptions about crop shifts are incorrect.

c. The DRIA does not analyze the cumulative, multi-year economic impacts of droughts lasting more than one year.

As we all know from the 1987-1992 drought, droughts in California often last more than one year. As a result, California farmers often may not recover in one year from the serious impacts of a previous years' drought. Also, water supplies often are reduced even further during multi-year droughts. The DRIA totally ignores these cumulative impacts.

d. The DRIA totally ignores the secondary impacts of reductions in agricultural production.

It is undisputed that California agricultural production has a "multiplier" effect on California's economy. Farm income obviously leads to additional sales of equipment, fuel, insurance, seed, groceries and many other commodities.

The DRIA totally ignores this "multiplier" effect. Although the DRIA discusses losses in farm worker jobs, it then completely ignores similar losses in processing, storage and distribution, bank, store, supplier, construction, transportation and export jobs.

If the economic "multiplier" of gross agricultural production is five, for example, then the DRIA's estimates of economic impacts, even without adjustments for their other faults described above, all must be increased by factors of five to account for the multiplier effect. These increases show that even the DRIA's faulty analysis would estimate impacts exceeding one billion dollars in critical years. For the reasons discussed above, actual impacts would be substantially higher.

In summary, the DRIA's economic analysis is faulty because it makes unrealistic assumptions about the likelihood that economic impacts could be transferred from "high" to "low" value crops, totally ignoring applicable physical limitations and the limitations from California water law and the applicable contracts. It also is faulty because it incorrectly assumes that the substantial amounts of capital that would be required for the large assumed changes in water-delivery systems would be available, because it ignores the groundwater impacts and multi-year drought impacts that would occur, and because it ignores the economic multiplier impacts that would result from reductions in primary agricultural production.

DTAC supports the SWRCB's commitment to engage in proper and accurate economic analyses of all of the alternative Delta water quality objectives. The SWRCB should avoid the numerous flaws in the DRIA.

Key Issue 3.: Should the SWRCB request the CVP and SWP to implement portions of the draft standards prior to adoption of a water rights decision?

In our comments for the June 14, 1994 workshop, we emphasized the importance of the area-of-origin laws. These laws specify that water that is required for beneficial uses and public trust resources in the Delta and areas tributary to the Delta may not be exported. Because Delta exports are limited to surplus water, additional water needed to protect Bay-Delta resources must be obtained by reducing exports or providing new sources of water. It may not be obtained through involuntary takings of water that is needed in the areas of origin.

Key Issue 3 addresses only potential voluntary actions by the CVP and SWP. Such actions would not violate the area of origin laws. We therefore do not have any comments on this issue at this time.

Thank you for the opportunity to present our position on these three key issues on behalf of the 30 members of the Delta Tributary Agencies Committee.

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and General Manager of Nevada
Irrigation District